

FISCAL NOTE

SB 1462 - HB 1009

March 24, 2001

SUMMARY OF BILL: Adds investment companies to the definition of *financial institution* so that they would be excluded from the combined return of a financial institution. Under current law, *financial institution* means a holding company, any regulated financial corporation, a subsidiary of a holding company or a regulated financial corporation, or any other person that is carrying on the business of a financial institution. However, *financial institution* does not include insurance companies subject to tax under §§56-4-201– 56-4-214.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - Exceeds \$3,000,000

Estimate assumes:

- based on information provided by the Department of Revenue, in 1997 financial institutions comprised approximately \$100,000,000 in total franchise and excise tax collections.
- investment companies account for approximately 15% of that total or \$15,000,000.
- deletions of combined reporting requirements based on provisions contained in the bill are estimated to result in a decrease of approximately 25% of total franchise and excise tax collections from investment companies or \$3,750,000 [\$15,000,000 x 25%].

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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